

Board of Regents Rules

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04.1000 Retirement and Deferred Compensation Plans

04.1001 Optional Retirement Program.

1. Optional Retirement Program. As authorized by Chapter 830 of the Texas Government Code and Section 403(b) of the Internal Revenue Code, the Optional Retirement Program is available for employees eligible to participate under chapter 830 and rules adopted by the Texas Higher Education Coordinating Board.
2. Plan Document. The System shall have a written plan document approved by the Board for the Optional Retirement Program in accordance with Section 403(b) of the Internal Revenue Code and consistent with Chapter 830 of the Texas Government Code.
3. Supplemental Employer Contribution Rate. The Board delegates to the Chancellor the authority to approve a supplemental employer contribution rate for the Optional Retirement Program in accordance with rules issued by the Texas Higher Education Coordinating Board, provided any approved supplemental employer contribution rate shall be uniform for all UNT System Administration and Institution Optional Retirement Program participants.

04.1002 Tax-Sheltered Annuities – Voluntary Section 403(b) Plan.

1. Establishment of Tax-Sheltered Annuity Program. As authorized by Texas Revised Civil Statutes Annotated Article 6228a-5, Sections 1 and 2, the Board has established a voluntary Tax-Sheltered Annuity Program pursuant to Section 403(b) of the Internal Revenue Code, for the benefit of all System employees; provided, however, an employee who is a student performing services described in Internal Revenue Code section 3121(b)(10) shall not be eligible to participate in the Plan.
2. Tax-Sheltered Annuity Program Plan Document. The System shall have a written plan document approved by the Board for the Tax-Sheltered Annuity Program in accordance with Section 403(b) of the Internal Revenue Code.

04.1003 457(b) Deferred Compensation Plan.

1. TexaSaver Deferred Compensation Plan. As authorized by Chapter 609 of the Texas Government Code and Section 457(b) of the Internal Revenue Code, any eligible System employee may participate in the TexaSaver Deferred Compensation Plan administered by the Employees Retirement System of Texas.
2. Establishment of 457(b) Deferred Compensation Plan. As authorized by Chapter 609 of the Texas Government Code and Section 457(b) of the Internal Revenue Code, the Board approves the establishment of a voluntary 457(b) Deferred Compensation Plan for the benefit of all System employees; provided, however, an employee who is a student performing services described in Internal Revenue Code section 3121(b)(10) shall not be eligible to participate in the Plan.
3. 457(b) Deferred Compensation Plan Document. The System shall have a written plan document approved by the Board for the Deferred Compensation Plan in accordance with Section 457(b) of the Internal Revenue Code.
4. Transfer of TexaSaver Funds. Upon approval by the Board of the plan document, in accordance with Chapter 609, Section 515 of the Texas Government Code, the Board authorizes the System to accept a transfer of all deferred amounts and investment income from the TexaSaver Deferred Compensation Plan to the 457(b) Deferred Compensation Plan established herein. The Board delegates to the Chancellor the authority to make the request for transfer to the TexaSaver board of trustees and to take all actions necessary to complete the transfer. After the transfer of all deferred amounts and investment income, the authorization to participate in the TexaSaver Deferred Compensation Plan shall terminate.

04.1004 Delegations of Authority.

1. Delegation of Authority to the Chancellor. The Board delegates to the Chancellor the authority, upon the recommendation of the Vice Chancellor for Finance, to select companies qualified to provide Retirement and Deferred Compensation investment products, and to sign agreements with selected companies for account management, remittance, and compliance services.
2. Delegation of Authority to the Vice Chancellor for Finance. The Board delegates to the Vice Chancellor for Finance the authority to perform the following duties and responsibilities:

- (a) To act as the named fiduciary for the 403(b) Optional Retirement Program, 403(b) Tax-Sheltered Annuity Program, and 457(b) Deferred Compensation Plan (collectively “Retirement Plans”);
- (b) To appoint or replace additional members of the Retirement Plan Advisory Committee;
- (c) Upon advice from the Retirement Plan Advisory Committee, to adopt and amend a Retirement Plan Investment Policy establishing guidelines for designation of asset classes and selection of Retirement Plan investment options;
- (d) Upon advice from the Retirement Plan Advisory Committee, to select Retirement Plan investment options available for participants, providing a core set of investment options with different risk and return characteristics and keeping fees reasonable;
- (e) With advice from the Retirement Plan Advisory Committee, to monitor the performance of investment options, investment managers, investment advisors, trustees, and other investment fiduciaries according to the objectives described in the Retirement Plan Investment Policy;
- (f) With advice from the Retirement Plan Advisory Committee, to appoint, remove, or replace any investment manager, investment advisor, trustee, or any other fiduciary of the Retirement Plans in accordance with the plan documents;
- (g) To recommend to the Chancellor selected companies qualified to provide Retirement Plan investment products and account management, remittance, and compliance services;
- (h) To make such other decisions as are necessary and appropriate to manage prudently the Retirement Plan selection of investment options and investment-related services;
- (i) To perform, or cause to be performed, such record keeping functions as necessary or advisable to administer and maintain the Retirement Plans;
- (j) To maintain, through each Institution’s human resources department, a listing of companies authorized to offer annuities or other investments under the Retirement Plans; and
- (k) To take all other actions and make all decisions and interpretations necessary or appropriate to administer and operate the Retirement Plans consistent with the plan documents and applicable law.

04.1005 Retirement Plan Advisory Committee.

1. The Retirement Plan Advisory Committee will be composed of five standing members and additional members as necessary or advisable. The standing members shall be the Vice Chancellor for Finance, the chief financial officer from each Institution, and the Associate Vice Chancellor for Treasury and Reporting. From time to time, the Vice Chancellor for Finance may appoint additional members to serve on the Retirement Plan Advisory Committee, may increase or reduce the number of additional members, and may remove and replace additional members.
2. A majority of the standing and then appointed additional members of the Retirement Plan Advisory Committee shall constitute a quorum. Attendance at meetings may be in-person or by telephone or video conference. Any action by a majority of the members present at any meeting, or authorized by a majority of the member in writing without a meeting, shall constitute a recommendation of the Retirement Plan Advisory Committee.
3. The Retirement Plan Advisory Committee shall meet as often as deemed necessary or appropriate in the judgment of it or the Vice Chancellor for Finance, but not less than four times per fiscal year.
4. The Retirement Plan Advisory Committee shall keep written minutes of its meetings. Minutes and recommendations of the Retirement Plan Advisory Committee shall be maintained by the Office of the Vice Chancellor for Finance.
5. Unless a specific delegation of authority is given by the Board, the Retirement Plan Advisory Committee shall serve only in an advisory capacity.

04.1006 Investment Managers and Investment Advisors.

1. One or more investment managers may be appointed to manage all or a portion of the assets of a Retirement Plan in accordance with the terms of the Retirement Plan documents, the Retirement Plan Investment Policy, and applicable law and regulation.
2. An investment advisor, if employed, shall be charged with the responsibility of advising the Vice Chancellor for Finance and the Retirement Plan Advisory Committee on investment policy, designation of asset classes, selection of investment options, and selection of investment managers, and providing performance analysis and monitoring services. The Vice Chancellor for Finance may rely on the

investment advisor in carrying out fiduciary duties for the Retirement Plans.

04.1007 Indemnity. To the extent permitted by law, the System shall indemnify the Vice Chancellor for Finance and each member of the Retirement Plan Advisory Committee, and any other employee of the System with duties under each Retirement Plan, against expenses (including claims paid) reasonably incurred in connection with any claims made by reason of conduct in the performance of duties under the Retirement Plan, except in relation to acts or omissions made fraudulently or in bad faith. This right of indemnification shall be in addition to any other right that exists as a matter of law or otherwise.

04.1008 457(f) Deferred Compensation Plan.

1. Establishment of 457(f) Deferred Compensation Plan. As authorized by Texas Revised Civil Statutes Annotated Article 6228a-5, Section 3(a), the Board has established a non-qualified deferred compensation plan pursuant to Section 457(f) of the Internal Revenue Code.
2. Purpose of the Plan. Section 457(f) deferred compensation plans provide financial incentives in recruiting highly qualified candidates for employment and encouraging existing qualified employees to continue to devote their best efforts to the service of the System, System Administration, and Institutions. Such plans may be made available for the benefit of a select group of employees as determined solely by the Board. Each participant in the plan shall enter into a separate deferred compensation agreement with the Board.
3. 457(f) Plan Documents. The System shall have a master plan document approved by the Board for the 457(f) deferred compensation plan.
4. Delegation of Authority. The Board delegates to the Vice Chancellor for Finance the authority to take all actions and to make all decisions and interpretations that may be necessary or appropriate to administer and operate the 457(f) deferred compensation plan consistent with the plan documents. The Vice Chancellor for Finance will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain such Plan in accordance with Sections 457(f) and 409A of the Internal Revenue Code, consistent with Texas Revised Civil Statutes Annotated Article 6228a-5, Section 3(a).
5. Not Eligible for Retirement Benefits. 457(f) deferred compensation is not part of an employee's base salary and shall be reported as a separate element of the employee's cash compensation. Deferred compensation

is not eligible for Teacher Retirement System or Optional Retirement Program retirement benefits or other retirement benefits.

04.1009 Adoption of Additional Plans. The adoption of any type of retirement benefit or deferred compensation plan not listed in this Rule or mandated by State law requires the approval of the Board.

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